



East Kentucky Power's Spurlock generating station on the Ohio River near Maysville. Tim Webb - Tim Webb

OP-ED

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Regulatory certainty holds down energy costs

BY ANTHONY "TONY" CAMPBELL

On March 28, U.S. Environmental Protection Agency Administrator Scott Pruitt made a remark that I found quite refreshing. "We are going to provide regulatory certainty," Pruitt said, while announcing President Donald Trump's energy independence executive order.

What's so refreshing about that? For starters, it is a significant change in tone for how the federal government has been regulating power producers.

Most people agree it's only fair that rules shouldn't change in midstream in such a way that it punishes actions already taken. But in recent years, the EPA has targeted existing power plants with new rules that threaten to drive up costs and even shut some plants prior to the end of their financial lives.

Several years ago, the administration announced new greenhouse-gas regulations on existing power plants beginning in 2020. That meant the East Kentucky Power Cooperative faced the possibility of closing or curtailing power plants and major equipment years before they were even paid for.

For EKPC, it would primarily affect coal-fueled plants in which the cooperative has invested over \$1.7 billion during the prior decade or so. Of that, more than \$700 million had gone toward retrofitting existing plants to meet different EPA regulations.

Like a home mortgage, such investments are financed over decades. These long-term investments were made with the expectation equipment would operate for another 20 to 30 years, or longer. Each investment decision was made carefully and methodically, with the highest priority placed on ensuring it would continue to provide power as affordably and reliably as possible to our members.

Meanwhile, the EPA in recent years also has issued rules on how coal ash and water are handled at power plants. Those rules could lead to costly changes. If we'd known those costs were coming, it may have changed some of those investment decisions made in the past decade.

There is a certain degree of risk any time a company makes such large investments. That's to be expected. But it's frustrating when government regulators — people who should share our goal of ensuring safe, reliable, affordable electric service for homes and businesses — are creating uncertainty and risk.

It's not that we oppose regulations. Our co-ops want predictability and reasonable assurance that today's investment decisions won't be turned upside down by tomorrow's new rules.

As a not-for-profit, member-owned cooperative, those costs ultimately fall on the same people who use our electricity, many of whom already struggle to pay monthly power bills.

So we welcome regulatory certainty, just as we welcome actions taken by the Trump administration to review and reconsider a number of recent rules, including those dealing with greenhouse gases, coal ash and power-plant water.

We also welcome Pruitt's view that our federal government can be both pro-environment and pro-business. A balance must be maintained that allows job growth and new investment along with protecting a healthy, vibrant environment.

Every day, EKPC and our 16 owner-member cooperatives are working to help ensure the communities we serve have the jobs and investment needed to build and sustain prosperity, especially in Eastern Kentucky, where 12,000 coal-mining jobs have gone away in the past decade.

We are well aware the nation's economy depends on affordable, reliable energy. This is especially true in our commonwealth, where energy-intensive manufacturers in industries like automobiles, metals and aerospace are competing in a global marketplace.

I am confident the Trump administration will maintain a regulatory environment that protects our environment while making the future more predictable for power producers.

Anthony "Tony" Campbell is president and CEO of East Kentucky Power Cooperative.

